

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO
RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO,
et al.,

Debtors.¹

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

**STATUS REPORT OF THE PUERTO RICO FISCAL AGENCY AND FINANCIAL
ADVISORY AUTHORITY REGARDING THE GOVERNMENT OF PUERTO RICO'S
RECENT ACTIVITIES IN RESPONSE TO THE ONGOING COVID-19 PANDEMIC**

To the Honorable United States District Judge Laura Taylor Swain:

The Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF"), through its undersigned counsel, hereby submits this status report on behalf of the Government of the Commonwealth of Puerto Rico (the "Government") in response to the Court's Order Regarding Procedures for the September 16, 2020 Omnibus Hearing [ECF No. 14202] and states as follows:

PRELIMINARY STATEMENT

As has been the reality for the last six months, Puerto Rico, along with the rest of the world, continues to face the unprecedented challenge and impact caused by the outbreak of COVID-19.

¹ The Debtors in these Title III cases, along with each Debtor's respective Title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the "Commonwealth") (Bankruptcy Case No. 17-BK-3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481), (ii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566(LTS)) (Last Four Digits of Federal Tax ID: 9686), (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808), and (iv) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5233-LTS) (Last Four Digits of Federal Tax ID: 3801).

Cases of COVID-19 continue to be reported worldwide. As of September 15, 2020, there have been more than 29.3 million confirmed COVID-19 cases globally and over 929,000 people have died.² The United States alone has reported over 6.5 Million COVID-19 cases, including more than 194,000 deaths. *Id.* Of this amount, Puerto Rico has reported 37,750 cases and 542 deaths.³

As part of AAFAF's *Status Report of the Puerto Rico Fiscal Agency and Financial Advisory Authority Regarding the Government of Puerto Rico's Recent Activities in Response to the Ongoing Covid-19 Pandemic* [ECF No. 13870] (the "July Status Report"), AAFAF detailed and provided an update on the Government's response and measures taken in relation to the ongoing COVID-19 pandemic. AAFAF will focus this report on material changes since July 28, 2020 relating to the Government's response.

Since the July Status Report, the Government's top priority continues to be addressing the significant challenge in safeguarding public health and safety, ensuring the provision of public services (including health services, rising unemployment, and economic distress), and coordinating rehabilitative economic measures. The Government continues to closely monitor the COVID-19 statistics and take measures to control the spread of COVID-19 and reopen economic activities in a controlled manner.

Since the July Status Report, the Government has implemented additional measures to control the spread of COVID-19 considering that by then and as detailed therein, Puerto Rico had experienced an increase in COVID-19 cases. Therefore, the Government issued various executive orders that placed additional restrictions on commercial activities to limit mass gatherings and control the spread of COVID-19. As a result of, among others, the measures taken by the Government since July 28, 2020 and detailed below, the number of new COVID-19 cases and

² See <https://coronavirus.jhu.edu/map.html>

³ See <https://coronavirus.jhu.edu/region/us/puerto-rico>

related deaths for the three (3) week period prior to September 11, 2020 had materially decreased when compared to the three (3) week period ending on August 21, 2020. For example, during the period of August 1 – 21, 2020, Puerto Rico had approximately 6,173 confirmed COVID-19 cases; for the period of August 22, 2020 through September 11, 2020, the number had decreased to 2,257. Similarly, for the same period in August, the number of COVID-19 confirmed deaths was 162; for the same period during September, the number decreased to 88.⁴ As a result of the efforts described above, the Government recently implemented new measures to continue its phased reopening of business sectors in order to improve Puerto Rico's economic conditions. These actions are detailed below.

The Government also continues addressing the negative economic effects of COVID-19. The Economic Development Bank-Economic Activity Index, an indicator of general economic activity in Puerto Rico, fell 10.8% year-over-year during the first half of 2020.⁵ Puerto Rico had approximately 1,825 new unemployment claims for the week ending August 29, 2020, bringing the total new unemployment claims in Puerto Rico to over 371,000, since the week ending March 21, 2020.⁶ The Government continues to disburse funding and, as of September 8, 2020, the Government had disbursed approximately \$915 million of the total \$2.24 billion it received under the CARES Act. Further, the Puerto Rico Department of Treasury has distributed approximately \$190 Million of the allocated \$200 Million for the Assistance Program to Self-Employed Individuals, impacting almost 190,000 individuals.

Although the full extent of the financial and economic impact of COVID-19 on Puerto Rico remains uncertain, it is clear that the Government faces a significant challenge, as detailed in

⁴ See <https://estadisticas.pr/en/covid-19> (detailing trends in COVID-19).

⁵ See <https://www.bde.pr.gov/BdeSite/PREDDOCS/EDBEAIJUNE2020.pdf>

⁶ See Puerto Rico Department of Labor, <https://www.dol.gov/ui/data.pdf>.

the fiscal plan certified by the Oversight Board on May 27, 2020. The negative economic impact of the pandemic has affected virtually all areas of Puerto Rico's economy. Addressing this economic, social and health challenge continues to be the Government's top priority for the foreseeable months ahead. To this end, the Government continues to take aggressive measures to combat the virus, protect the people of Puerto Rico, and address the economic impact of the virus.

I. The Governor's Executive Orders – Continuing to Reopen Businesses and Controlling COVID-19⁷

1. As detailed in the July Status Report, Governor Wanda Vázquez Garced (the "Governor") has issued a series of executive orders aimed at a controlled reopening of economic activity in Puerto Rico, while safeguarding the health of Puerto Rico's residents. Since the last report, the Governor has continued to work closely with, among others, the Medical and Economic Task Forces and the Department of Health in developing and implementing the measures that allow for the continued and gradual reopening of Puerto Rico's economy, while minimizing the risk of the spread of the COVID-19 virus.

2. Further, as also detailed in the July Status Report, as of July 28, 2020 Puerto Rico was experiencing an increase of COVID-19 cases. To that end, on July 16, 2020, the Governor signed Executive Order 2020-054 ("Executive Order 54") which extended the mandatory curfew until July 31, 2020 and included certain restrictions to allowed activities, detailed in the July Status Report. On July 31, 2020, the Governor signed Executive Order 2020-060 ("Executive Order 60"), which extended the mandatory curfew and the other measures set forth in Executive Order 54 through August 15, 2020.

3. By August 15, 2020, Puerto Rico continued to experience an increase in the number of daily positive COVID-19 cases and related deaths. The Governor, in consultation with the

⁷ Defined terms not otherwise defined herein, shall have the same meaning given to them in the July Status Report.

Medical and Economic Task Forces, concluded that it was necessary to modify again the restrictions on some of the allowed commercial activities to prevent mass gatherings and to help control the spread of the virus. To that end, on August 19, 2020, the Governor signed Executive Order 2020-062 (“Executive Order 62”), which extended the mandatory curfew and modified the restrictions to allowed commercial activities through September 11, 2020.

4. Among other things, Executive Order 62 provided for a lockdown on Sundays, with limited exceptions. Further, Executive Order 62 prohibited the consumption, sale, and distribution of alcoholic beverages in all businesses and commercial establishments after 7:00 p.m. and in all business and commercial establishments on Sundays. Moreover, establishments engaged primarily in the sale of alcoholic beverages for consumption inside such establishments like bars, small eateries, and any other similar place were required to close.

5. To control mass gatherings, Executive Order 62 also provides that beaches will be closed, with limited exceptions. Executive Order 62 also requires the closure of movie theaters, nightclubs, concert halls, theaters, theme parks, gymnasiums, among others.

6. With respect to tourism, Executive Order 62 prohibits the use of common areas in hotels and inns, such as pools, bars, or casinos. Further, Executive Order 62 allowed restaurants, retail stores, auto dealerships, museums, and others to continue operating from Monday through Saturday, without exceeding their 25% maximum capacity and following safety guidelines.

7. As detailed above, as a result of, among others, the measures implemented through Executive Order 62, by September 11, 2020, the three-week average of COVID-19 cases and deaths had decreased materially. Accordingly, on September 10, 2020, the Governor announced that she would sign a new executive order extending the mandatory curfew and modifying the restrictions to allows additional commercial activities through October 2, 2020.

8. Executive Order 2020-066 was signed on September 11, 2020 (“Executive Order 66”) and the same eliminates the lockdown and restrictions on certain allowed commercial activities on Sundays, allows the consumption, sale and distribution of alcoholic beverages until 10:00 p.m., and increased the capacity of all commercial businesses currently allowed to operate from 25% maximum capacity to 50% maximum capacity. Executive Order 66 also allows common areas of hotels and inns, such as pools, casinos, and other common areas, to operate at 25% maximum capacity. Similarly, Executive Order 66 allows movie theaters and gymnasiums to operate at 25% maximum capacity and allows for the reopening of beaches and marinas while establishing parameters to maintain adequate social distancing. Finally, the executive order provides for the phased return of government employees to their respective work centers. Agency heads must take all measures to ensure the safety of public employees at their workplaces.

9. To continue to control the spread of COVID-19 and mass gatherings, Executive Order 66 continues to provide that bars and similar establishments shall remain closed, caravans and similar mass gatherings are not allowed, and all schools must continue with distance learning.

II. Update on Funding Related to COVID-19

A. Federal Funding Under the Coronavirus Relief Fund

10. With regards to the CARES and Coronavirus Relief Fund funding detailed in the July Status Report, as of September 8, 2020, the Government has disbursed approximately \$915 million of the \$2.2 billion allocated to Puerto Rico. AAFAF has published a report detailing the use of these funds and the disbursements made as of September 4, 2020, and the report is available at <https://www.aafaf.pr.gov/wp-content/uploads/crf-strat-disbmt-plan-fund-rep-9-4-2020.pdf>.

B. Update on Disbursements Under the Emergency Measure Support Package

11. With regards to the COVID-19 Emergency Measure Support Package detailed in the July Status Report, as of August 24, 2020, the Government had disbursed \$435 million dollars out of the \$787 million approved in the package. AAFAF has published a report detailing the use of these funds and the disbursements made during the current fiscal year, and the report is available at <https://www.aafaf.pr.gov/wp-content/uploads/covid-19-emer-meas-sup-pack-rep-9-4-2020.pdf>.

III. Additional Specific Efforts to Combat the COVID-19 Pandemic⁸

A. Department of Health

12. The Department of Health continues to focus its efforts on tracking and combating the COVID-19 crisis. As detailed in the July Status Report, the Department of Health maintains a “dashboard”, through which it provides daily updates on the COVID-19 crisis.⁹ As of September 15, 2020:

- Puerto Rico had 18,206 confirmed cases, 19,966 probable cases, and 551 deaths.
- Over 343,000 serological and molecular COVID-19 tests have been performed.
- 1,220 ventilators are in stock and available to be used in Puerto Rico, of which 315 are in use at this time. Of these, 24 are pediatric ventilators.
- 408 patients are currently hospitalized due to COVID-19 of which 65 are in intensive care, and 44 are using ventilators.
- 3,483 adult beds and 354 pediatric beds are currently in use out of a total 7,189 and 1,354 hospital beds, respectively.

⁸ The data and information provided herein has been obtained by AAFAF directly from the Department of Health and the Department of Education.

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<https://bioseguridad.maps.arcgis.com/apps/opsdashboard/index.html#/3bfb64c9a91944bc8c41edd8ff27e6df>

B. Department of Education

13. As detailed above, through Executive Order 66, Puerto Rico's public and private schools will continue with distance learning. To that end, the Department of Education (the "Department") has been offering various methods for distance learning and providing students with tablets and printed materials to ensure that all students have and continue to have access to distance learning. The Department estimates that of the total 282,000 students registered to its public schools, approximately 50% are using the Department's Microsoft Teams platform for online classes, and the remainder are using the Department's online courses, printed modules, and tele-education. Further, the Department estimates that approximately 72% of its students have computers in their homes and 71% have internet.

14. The Department continues offering meals, for pick up, through its cafeterias. On September 14, 2020, the Department served approximately 24,000 meals.

IV. Other AAFAF Activities

A. Continued Natural Disaster Relief Efforts¹⁰

15. In addition to the COVID-19 crisis, the Government continues to coordinate relief and funding efforts to address the natural disasters that have affected Puerto Rico in recent years, including the continued recovery following Hurricanes Irma and Maria and the earthquakes that impacted (and continue to impact) the southern and southwestern part of Puerto Rico. Since AAFAF's July Status Report, AAFAF has the following new updates to report:

- As of September 7, 2020, approximately \$49 Billion has been assigned by the U.S. Congress to Puerto Rico for disaster relief efforts. Of this amount, approximately \$25 Billion has been obligated and \$16.6 Billion has been disbursed.

¹⁰ The data and information provided herein has been obtained by AAFAF directly from the Central Office of Recovery, Reconstruction and Resiliency (COR3).

- Of the amounts obligated and disbursed, FEMA has approved approximately \$17.7 Billion and disbursed approximately \$13.8 Billion of the total amounts detailed above.
- The use of these funds is detailed by the Government in the COR3 website and can be accessed at: <https://recovery.pr/en>.

(signature page follows)

Dated: September 15, 2020
San Juan, Puerto Rico

Respectfully submitted,

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